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Department of Agriculture

The Economic Research Service in 1991

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United States Department of Agriculture
Economic Research Service
1301 New York Avenue NW
Washington, DC 20005-4788

January 1991

Preface

This brochure describes major activities planned by the Economic Research Service (ERS) for fiscal year 1991 (October 1990—September 1991), based on the budget approved by the administration. A companion to this brochure, ERS's 1991 *Catalog of Publications*, lists all publications and conference papers by ERS staff published in fiscal year 1990. Copies of the catalog and this brochure may be obtained from Room 1212, 1301 New York Avenue NW, Washington, DC 20005-4788 (202-219-0310). For information on how to order any of the hundreds of monographs and periodicals published by ERS each year, request a free subscription to *Reports* by writing to ERS Publications, Room 208, 1301 New York Avenue NW, Washington, DC 20005-4788 (202-219-0515).

The Economic Research Service in 1991



The mission of the Economic Research Service (ERS) is "to provide economic and other social science information and analysis for improving the performance of agriculture and rural America."

ERS is a U.S. Department of Agriculture (USDA) agency established in 1961 principally under the authority of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

ERS produces economic and other social science information as a service to the general public and to help Congress and the administration develop, administer, and evaluate agricultural and rural policies and programs. The wide range of topics covered by ERS includes:

- U.S. and world agricultural production and demand for production resources, agricultural commodities, and food and fiber products.
- Costs of and returns to agricultural production and marketing.
- Economic performance of U.S. agricultural production and marketing.



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John E. Lee, Jr., Administrator

- Effects of government policies and programs on farmers, rural residents and communities, natural resources, and the public.
- Organization and institutions of the U.S. and world agricultural production and marketing systems, natural resources, and rural communities.

ERS-produced information is made available to the public through research monographs, situation and outlook reports, standardized data products in electronic media, professional and trade journals (including *The Journal of Agricultural Economics Research*), magazines (including *Agricultural Outlook*, *Farmline*, *National Food Review*, *Rural Conditions and Trends*, and *Rural Development Perspectives*), radio, television, newspapers, and frequent participation of ERS staff at various public forums.

Economic Research Service, planned resources, FY 1991

| Division | Funds | Staff-years |
|--------------------------------|-----------------|-----------------------|
| | Million dollars | Full-time equivalents |
| Commodity Economics | 10.5 | 177 |
| Agriculture and Trade Analysis | 8.3 | 144 |
| Resources and Technology | 11.7 | 149 |
| Agriculture and Rural Economy | 11.0 | 147 |
| Other* | 14.7 | 214 |
| Total | 56.2 | 831 |

*Includes ERS's Data Services Center, Office of the Administrator, unallocated resources, and indirect costs and parts of USDA's Economic Analysis Staff, Economics Management Staff, and Office of Energy.

ERS has four program divisions—Commodity Economics, Agriculture and Trade Analysis, Resources and Technology, and Agriculture and Rural Economy—that carry out the four principal functions of ERS: research, situation and outlook analysis, staff analysis, and development of economic and statistical indicators. Research and economic and statistical indicators provide the knowledge base and the data base for the situation and outlook and staff analysis functions. The products of the situation and outlook analysis function are periodic reports that analyze the current situation and forecast the short-term outlook for major agricultural commodities, agricultural exports, agricultural finance, agricultural resources, and world agriculture. Staff analysis entails assessments of issues requiring policy decisions by the administration and Congress.



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Commodity Economics Division



The Commodity Economics Division (CED) carries out a program of analysis designed to improve public and private sector understanding of U.S. and world markets for agricultural products.

Analyses focus on three major areas: supply, demand, and price; structure, conduct, and performance; and national and international commodity marketing—from the U.S. producer through domestic and foreign consumers and from the foreign producer of imported products to the U.S. consumer.

In 1991, CED plans to communicate its analysis through regular outlook reports, special reports, yearbooks, presentations, and public information requests; conduct research on the structure, operation, and performance of the markets under alternative policies and on investment and competition in the food marketing industries; respond to requests for special studies and analyses, including congressionally mandated studies; and develop and maintain data bases and models to improve analyses, forecasts, and projections.

CED has a Situation and Outlook Coordination Staff and five branches—Livestock, Dairy, and

Poultry; Crops; Specialty Agriculture; Food Marketing and Consumption Economics; and Commodity and Trade Analysis.

The Situation and Outlook Coordination Staff coordinates outlook activities and clears ERS outlook reports. This involves coordinating ERS participation in departmental activities as well as World Agricultural Outlook Board clearance of all ERS reports; preparing the *Agricultural Outlook*, *National Food Review*, and *U.S. Agricultural Update* publications; and coordinating and preparing outlook briefing materials for USDA's Office of the Assistant Secretary for Economics.

In 1991, the staff plans to publish 11 issues of *Agricultural Outlook*, 4 issues of *National Food Review*, and 12 issues of *U.S. Agricultural Trade Update*; coordinate outlook briefings for ERS staff and the USDA Office of the Secretary; participate in agricultural outlook conferences; provide ERS staff with daily current intelligence about agricultural markets from news services; participate in staff analysis projects; and review all ERS outlook reports. The staff also plans a forecast evaluation project to begin assessing the accuracy and relevance of USDA's crop and livestock forecasts.

The Livestock, Dairy, and Poultry Branch provides research, staff analysis, policy and program evaluations, situation and outlook analysis, and statistical information on beef, lamb, pork, dairy products, and poultry produced in the United States and overseas. The branch's program encompasses the economic analysis of production, marketing, distribution, trade, and utilization for individual commodities as well as cross-commodity relationships within animal agriculture and between animal agriculture and other commodities, general agriculture, and the macroeconomy.

In 1991, the branch plans to analyze developments, provide current information, and make forecasts on the U.S. and world markets for the livestock subsectors, to be published in 6 *Livestock and Poultry Situation and Outlook Reports*, 4 *Dairy Situation and Outlook Reports*, and 12 *Livestock and Poultry Updates*; contribute to CED's periodical reports—U.S. *Agricultural Trade Update* (monthly), *Agricultural Outlook* (11 issues), and *National Food Review* (quarterly); contribute to the semiannual *USDA Baseline*; participate in the Interagency Commodity Estimates Committees for red meats, poultry, and dairy; prepare monthly contributions to *World Agricultural Supply and Demand Estimates*; conduct special policy and program evaluations for livestock and dairy in conjunction with the 1990 farm bill; provide staff analysis of policy and program issues for congressional staff and departmental decisionmakers, including mandated studies; continue to develop and improve the branch data base, electronic generation and updating of situation and outlook tables and similar output, and livestock and meat statistics; continue cooperative support for the Western Livestock Marketing Information Project; analyze the impacts of the General Agreement on Tariffs and Trade (GATT) and other trade liberalization agreements on the livestock and dairy industries; continue development and refinement of supply, demand, and price forecasting methods and models to support outlook, staff analyses, and research; collect and analyze data on dairy and beef, sheep, and hog costs of production by size of farm and region and degree of enterprise specialization, using data from the Farm Costs and Returns Survey; analyze structural changes and adjustments in livestock and dairy production, processing, and marketing, using data from the Census of Agriculture and industry sources; analyze and report factors affecting price relationships, margins, and spreads between the retail and farm level for dairy products and major meats, including a review of methods

used; and provide selected assessments of the demand for livestock and dairy products.

The Crops Branch is responsible for providing research, staff analysis, policy and program evaluations, and situation and outlook analysis on major U.S. field crops. The branch's program involves analyzing production, marketing, distribution, trade, and utilization of the individual commodities as well as cross-commodity relationships within the crops sector.

In 1991, the branch plans to coordinate and analyze developments affecting the major field crops and publish current information in 19 situation and outlook reports covering the cotton and wool, feed grains, oil crops, rice, and wheat subsectors; contribute to CED's periodical reports—*U.S. Agricultural Trade Update* (monthly), *Agricultural Outlook* (11 issues), and *National Food Review* (quarterly); contribute to and coordinate the semiannual *USDA Baseline*; participate in the Interagency Commodity Estimates Committees for cotton, wool and mohair, oilseeds, feed grains, wheat, and rice; prepare monthly contributions to the *World Agricultural Supply and Demand Estimates*; conduct special policy and program evaluations for major field crops to support the administration's work on the 1990 farm bill; analyze the impact of alternative proposals in support of GATT negotiations related to the crops sector; monitor the transportation and storage situation; develop crop data bases to support situation and outlook analysis and applied research; continue research on the structure, conduct, and performance of the crops sectors; prepare staff analyses on policy and program issues related to crop commodities; conduct research on commodity policies and programs; and conduct surveys and publish results of cotton ginning costs and milled rice distribution patterns in the United States.

The Specialty Agriculture Branch collects, analyzes, and reports information on the supply, demand, pricing, marketing, processing, and trade of specialty agriculture commodities, including fruits, vegetables, sweeteners, tobacco, tree nuts, aquaculture products, industrial crops, floriculture/horticulture products, and tropical beverages (coffee, tea, and cocoa). Primary emphasis is on providing information on domestic and international economic, regulatory, technological, trade, and public policy and program issues.

In 1991, the branch plans to provide supply, demand, and price outlook information in situation and outlook reports and yearbooks covering fruit and tree nuts, vegetables and specialty crops, tobacco, sugar and sweeteners, and aquaculture products as well as in other periodicals such as *Agricultural Outlook*, *Agricultural Statistics*, *National Food Review*, and *Farmline*; contribute to the *U.S. Agricultural Trade Update* and *USDA Baseline* activities; initiate research related to the safety of fruits and vegetables, including an assessment of grades and standards on the use of pesticides and the development of a framework to assess the economic implications that pesticide regulations have for producers and consumers; provide staff analysis of policy and program issues for congressional staff and USDA decisionmakers; conduct research on the structure, conduct, and performance of selected markets for specialty crops, disseminating the results in bulletins, reports, briefings, and speeches; revise and construct costs-of-production estimates for flue-cured and burley tobacco, onions, citrus, and sugarcane and sugarbeet production and processing; complete congressionally mandated studies related to specialty agriculture, including an economic analysis of the U.S. beekeeping industry; summarize special census data tabulations on produce and floriculture commodities; and continue to develop and improve the branch data base, electronic generation and updating

of situation and outlook tables and similar output, and statistics for specialty agriculture crops and products.

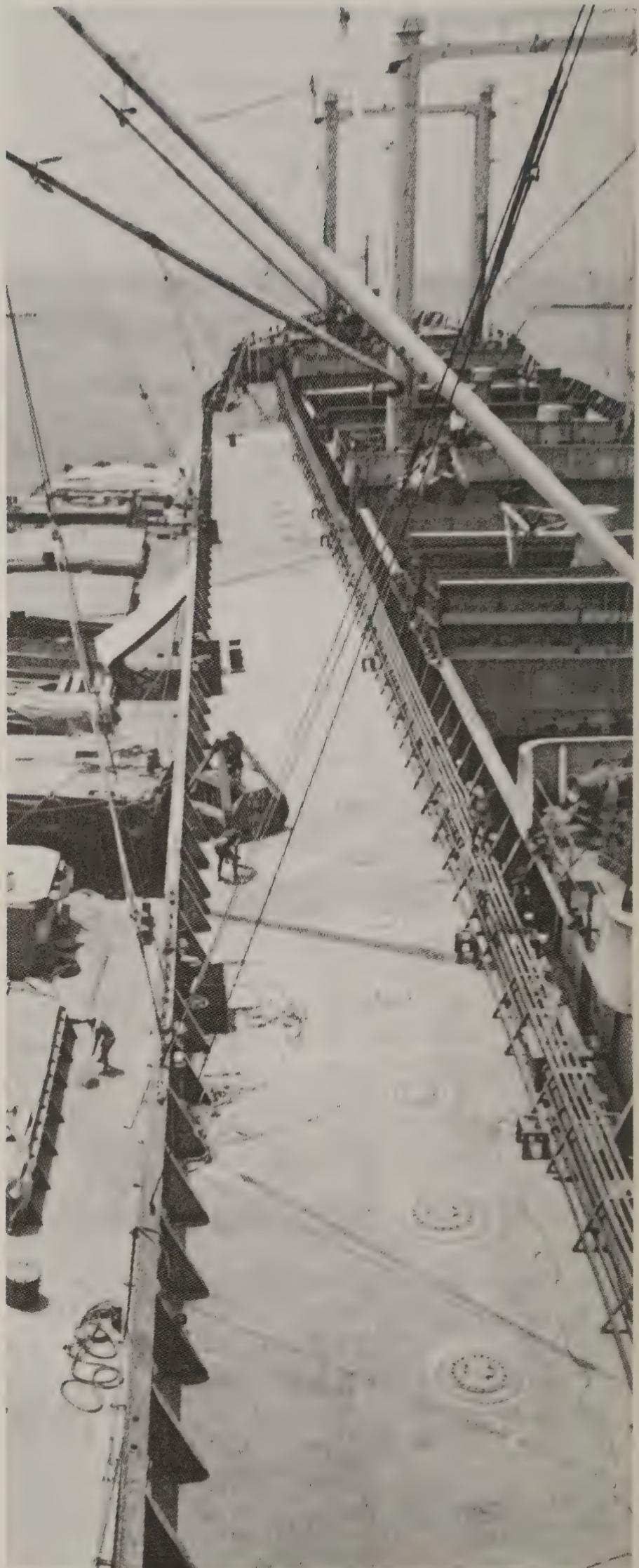
The Food Marketing and Consumption Economics Branch is responsible for data collection, research, situation and outlook, and staff analysis on the food marketing system from producer to consumer.

In 1991, the branch plans to publish statistics on and analysis of food marketing, food consumption, food prices, food marketing costs, and consumer expenditures for food in regularly scheduled situation and outlook reports and in periodicals, such as *Agricultural Outlook*, *National Food Review*, *Food Marketing Review*, and *Food Cost Review*; focus on food safety issues and prepare reports on the effects of consumer awareness of health and safety concerns on consumption behavior, data needs, safety uncertainty and food demand, costs of foodborne disease, relationships between grades and standards and chemical use, and private marketing firms' food safety initiatives; initiate a project to identify critical issues associated with larger proportions of the food supply moving through food service outlets; estimate dairy promotion program effectiveness; coordinate USDA's dairy promotion evaluation program; and analyze performance of livestock futures and options markets, impacts of EC-1992 and trading blocs on processed food trade, and changes in food spending patterns by household type.

The Commodity and Trade Analysis Branch collects, analyzes, and disseminates information on U.S. and international trade in program crops; monitors and analyzes developments in U.S. and foreign food aid and export promotion programs; conducts applied research and staff analyses on the factors affecting the demand for U.S. exports and imports; and serves as the primary focal point for the interaction between CED, ATAD, the

Foreign Agricultural Service, and the World Agricultural Outlook Board with respect to world trade in major crops and trade policy issues.

In 1991, the branch plans to assess implications of the expected GATT agreement on U.S. export programs and on long-term prospects for world commodity markets; examine the relationship between foreign livestock numbers and production and feed demand; evaluate the seasonality of agricultural trade of the United States and of major competitors and markets in order to improve the accuracy of export forecasts; coordinate an ERS study of Commodity Credit Corporation (CCC) section 32 operations; develop a data base for credit guarantee and food aid programs; conduct several studies of foreign market development programs and additionality of U.S. export programs; publish 8 *Foreign Agricultural Trade of the United States* reports and 4 *Outlook for U.S. Agricultural Exports* reports; and contribute analyses and/or articles for *Agricultural Outlook*, *Farmline*, *U.S. Agricultural Trade Update*, *World Agricultural Supply and Demand Estimates*, *World Agriculture*, *World Agricultural Production*, *Global Food Assessment*, and various other commodity situation and outlook reports.



USDA

Agriculture and Trade Analysis Division

The Agriculture and Trade Analysis Division (ATAD) is a major source of expertise, data, models, and research information about the agricultural economies and policies of foreign countries, the agricultural trade and development relationships between foreign countries and the United States, and U.S. agricultural policies.

The topics covered by ATAD include agricultural and trade policies and their relationship to the economic, technical, and political factors affecting agricultural trade among countries; economic and agricultural market structure, efficiency, and production systems of foreign countries; technical production systems of foreign countries; and foreign governments' production, consumption, macroeconomic, and trade policies.

In 1991, ATAD plans to evaluate U.S. agricultural policies, including those defined by the 1990 farm bill; analyze government support for agriculture in key foreign countries; assess the implications of policy reform as related to both GATT negotiations and other bilateral trade agreements; examine the implications of a more integrated European

Community (EC) on U.S. and world agricultural markets; examine the implications for world and U.S. agriculture and trade of the political and economic reforms underway in Eastern Europe and the U.S.S.R.; evaluate the economic implications of a U.S.-Mexico or North American free trade area; analyze world grain market stability and stock management issues in light of global trade reform; continue analysis and updating of measures of support for agriculture for key countries; continue analysis and development of a global baseline projection system for world agriculture; and assess the effects of Third World debt and various macroeconomic policies on the demand for U.S. agricultural exports.

ATAD has six branches—Agriculture and Trade Indicators, Agriculture and Trade Policy, Centrally Planned Economies, Developing Economies, Developed Market Economies, and U.S. Agricultural Policy.

The Agriculture and Trade Indicators Branch conducts research to identify, develop, maintain, and analyze indicators of the global agricultural sector and its relationship to the general economy. Efforts center on indicators and economic relationships that determine supply, structure, productivity, input use, demand, consumption patterns, self-sufficiency, trade, market shares, and competitiveness. Secondary objectives are to improve data quality, comparability, and availability through liaison with other data providers, particularly U.N. agencies, and the maintenance of a comprehensive data base. The branch supports other ERS activities through the development and analysis of indicators directed at specific issues. The branch also conducts an international macroeconomic, resource, and input situation and outlook program.

In 1991, the branch will continue research on international comparisons of productivity, internal terms of trade, exchange rate indices, commodity trade matrices, and trade in high-

value and processed products; analyze international macroeconomic conditions to support outlook and baseline activities; begin work on an international price data base; update the *World Agricultural Trends and Indicators (WATI)* data base; and start on the third issue of the *WATI Report*, to be published in 1992.

The Agriculture and Trade Policy Branch provides an integrated view of the world economy and world agriculture as it relates to U.S. agriculture and agricultural trade. The branch conducts research and provides staff analyses on international agricultural, economic, and trade policies that affect world and U.S. agricultural trade, with emphasis on U.S. agricultural competitiveness; provides projections and analyses of U.S. agricultural trade, as affected by major changes in agricultural, economic, and trade policies; and provides an inventory and cross-country analysis of agricultural and trade policies that affect world and U.S. agricultural trade.

In 1991, the branch plans to continue work on trade liberalization issues in support of U.S. participation in the multilateral trade negotiations, evaluating proposals and their alternatives for trade reform; analyze current trade policy reforms, including bilateral implications of changes in U.S.-EC agricultural policies, and the formation of a Western Hemisphere free trade area; analyze stocks management and world grain market stability in light of trade reform and possible increased weather variability; examine global policy and trade issues relating to high-value and processed agricultural products; update a guide that maintains country-specific agricultural policy statements; explore 15-year alternative futures scenarios for world agriculture; improve the Static World Policy Simulation (SWOPSIM) model structure, publishing updated documentation for outside users; update the cross-country inventory of policy interventions to include 1980-89 data,

such as producer and consumer subsidy equivalents (PSE/CSE), which will prompt an analytical report on support to agriculture around the world; and develop a user-friendly viewer data system that contains both SWOPSIM and PSE/CSE support data.

The Centrally Planned Economies Branch is the major U.S. Government source of analysis on the agricultural economies and trade of China, Eastern Europe, and the U.S.S.R. The branch monitors and interprets the changes in economic, political, and harvest situations, and reports its analysis in its bimonthly *Centrally Planned Agriculture* report, the annual *Agriculture and Trade Reports* for China and the U.S.S.R., in various USDA publications, and in books and journals. Knowing the languages, the branch provides analysis based on original source information from these countries to policymakers and the public.

In 1991, the branch plans to further develop data bases and conduct analyses of policy, supply, and demand factors affecting trade; monitor the changing domestic market and price reforms; continue to issue updates of data related to production, consumption, and trade in electronic form; report on supply and demand factors affecting foreign agricultural trade of China, Eastern Europe, and the U.S.S.R. in numerous USDA global reports; study the wheat economy of China and the domestic marketing policies for agricultural commodities in the U.S.S.R. and Eastern Europe; coordinate, with ATAD economists, a special project analyzing possible realignment of agricultural trade according to comparative advantage among the U.S.S.R., Eastern Europe, Western Europe, and the United States; improve PSE's and CSE's measuring divergence of domestic prices from world prices; use SWOPSIM and Country Projections and Policy Analysis (CPPA) models to analyze internal change in the rest of the world; continue analysis on a method of comparing comparative advantage for the U.S.S.R. using

ratios of domestic costs for agricultural commodities to trade prices; study the structure of trade in meat, feed grains, and soy protein, particularly in the U.S.S.R. and Poland; and continue professional contacts and collaboration with economists in China, Eastern Europe (particularly Poland), and the Soviet Union, particularly in the areas of trade research and farm finance.

The Developing Economies Branch collects information and conducts analyses of the agricultural sectors of developing countries. The analyses focus on price, supply, demand, trade, and policy relationships of developing countries that link them to the United States and the more developed industrial countries. Monitoring and research results are made available to decisionmakers and the general public through situation and outlook articles, research reports, journal articles, and unpublished staff analyses. Economic issues covered include trade and trade policy, economic and food aid policies, growth and development, and international monetary and financial considerations. The branch provides leadership on division projects related to developing-country trade liberalization, Western Hemisphere and U.S.-Mexican free trade negotiations, identification of growth markets, and analysis of food aid needs.

In 1991, the branch plans to monitor the economic situations in selected developing countries, specify economic and trade relationships, and assess the impacts of changing production and trade patterns and policies on the farm and food sectors of the commercial-trade-oriented developing countries; examine the changing roles of aid-dependent countries on world agricultural markets and trade; measure the needs for and availabilities of food aid; assess the potential uses of food aid for economic growth and development of the food-aid-dependent countries; examine monetary and financial determinants of economic growth and trade;

Division ~~Planning~~ Branch

Commodity Economics Division

Situation and Outlook

Coordination Staff

Livestock, Dairy, and Poultry Branch

Crops Branch

Specialty Agriculture Branch

Food Marketing and Consumption

Economics Branch

Commodity and Trade Analysis Branch

Office of the Division Director

Total

Agriculture and Trade Analysis Division

Agricultural and Trade Indicators Branch

Agricultural and Trade Policy Branch

Centrally Planned Economies Branch

Developing Economies Branch

Developed Market Economies Branch

U.S. Agricultural Policy Branch

Office of the Division Director

Total

Resources and Technology Division

Agricultural Inputs and Production

Systems Branch

Land and Capital Assets Branch

Resource Indicators Branch

Resource Policy Branch

Water Branch

Office of the Division Director

Total

Agriculture and Rural Economy Division

Farm and Rural Economy Branch

Farm Sector Financial Analysis Branch

Finance and Development Policy Branch

Human Resources and Industry Branch

National Economy and History Branch

Office of the Division Director

Total

Resources

Funds Staff-years

*Million
dollars* *Full-time
equivalents*

| | |
|------|-----|
| 0.6 | 10 |
| 1.9 | 34 |
| 1.9 | 35 |
| 1.4 | 24 |
| 2.0 | 36 |
| 1.3 | 23 |
| 1.4 | 15 |
| 10.5 | 177 |

| | |
|-----|-----|
| 1.1 | 19 |
| 1.3 | 22 |
| 1.0 | 17 |
| 1.6 | 27 |
| 1.4 | 25 |
| 1.3 | 23 |
| .6 | 11 |
| 8.3 | 144 |

| | |
|------|-----|
| 1.4 | 31 |
| 1.2 | 29 |
| 1.0 | 23 |
| 1.0 | 26 |
| 1.3 | 28 |
| 5.8 | 12 |
| 11.7 | 149 |

| | |
|------|-----|
| 1.3 | 21 |
| 4.4 | 37 |
| 1.3 | 27 |
| 1.6 | 28 |
| 1.4 | 26 |
| 1.0 | 8 |
| 11.0 | 147 |

and assess the public policies related to debt, exchange rates, and investment that affect commodity competitiveness, economic growth, and commercial trade of the developing economies.

The Developed Market Economies Branch provides research, analysis, and outlook reporting on key issues affecting the agricultural performance, policy, and trade for Western Europe, Canada, Australia, New Zealand, Japan, South Korea, Taiwan, and Hong Kong. The branch reports market and policy developments of the developed markets in scheduled situation and outlook reports, formal briefings, informal public contacts, and in the branch's annual *Western Europe and Pacific Rim Agriculture and Trade Reports*.

In 1991, the branch plans to continue its work in the general areas of trade liberalization and policy analysis, supply and demand analysis for major commodities, and current monitoring of agricultural, trade, and policy developments; update PSE/CSE calculations through 1990 for the EC, Japan, Canada, Australia, New Zealand, South Korea, and Taiwan; complete a major study of the implications of "EC-1992" on EC agriculture and trade by midyear; cosponsor a conference with the World Bank in November; focus staff analyses on evaluating the GATT agreement from the perspective of developed markets, particularly the EC and Japan; review and edit the proceedings of the International Agricultural Trade Research Consortium's 1990 summer meeting on Pacific Rim agriculture and trade; build on the ongoing *USDA Baseline* project; update spreadsheet models for all the developed markets; and support division initiatives on Eastern Europe and foreign environmental issues.

The U.S. Agricultural Policy Branch coordinates division and agency policy analyses by integrating cross-commodity, domestic, and foreign market issues and

provides an in-depth assessment of agricultural policy issues. The branch responds to staff analyses and information-monitoring and distribution requests. The branch provides economic evaluations of domestic agricultural policy and program alternatives; assesses the implications of changes in the foreign environment on the U.S. agricultural sector; and monitors domestic, international trade, and policy developments. The agricultural sectors at the national, regional, and commodity market levels are examined to provide greater understanding of how alternative domestic agricultural policies and programs affect sector performance and well-being. Government program costs and effectiveness are evaluated. Economic-based models, data bases, and textual information are developed, maintained, and used to evaluate policy, program, and regulatory alternatives as well as actual and potential foreign-based changes in the environment.

In 1991, the branch plans to analyze current policy defined by the 1990 farm bill, any bilateral or multilateral trade agreements, and other legislative issues; conduct analyses of drought or drought potential, subsector impacts of national agricultural policies, trade reform, environment and food safety, budget reconciliation, government costs, and domestic and international agricultural policy developments; and analyze stock management and stabilization policies, payment distributions, implications of trade negotiations on the U.S. agricultural sector, nondistorting agricultural policies, state trading, trade agreements, and budget exposure under various policy regimes.



Resources and Technology Division

The Resources and Technology Division (RTD) provides economic analyses of agricultural resource and technology issues at both national and regional levels.

Information is developed through integrated research, staff analysis, and situation and outlook activities that focus on several interrelated areas. RTD's overall research assesses the economic costs of agricultural production on the environment as well as the costs to agriculture of policies and programs seeking to mitigate environmental effects. RTD analyzes the impacts of domestic and international policies, programs, and macroeconomic variables on the use and value of land, water, capital assets, and other agricultural resources and assesses the possible impacts of proposed or anticipated policy and program changes on agricultural production decisions; analyzes supply, demand, and price relationships, substitutability, and productivity of resources, including capital equipment, fertilizer, pesticides, and energy, as well as the natural resources, such as land and water; and evaluates the adoption and transfer of new technologies, economic impacts of regulating agricultural practices and inputs, and tradeoffs

associated with lower input agricultural systems.

In 1991, RTD will focus on a number of issues important to both the agricultural and general economy in the 1990's. This focus will include study of the implications of agrichemical use for water quality, food safety, and agricultural sustainability. RTD will also reestablish a detailed agrichemical data base that will allow researchers to begin to estimate the magnitude of environmental problems associated with pesticides and fertilizer use and enhance immediate efforts to assess alternative schemes for protecting surface and ground water quality from agricultural chemicals, fulfilling ERS's evaluation responsibilities under the President's Water Quality Initiative; initiate a major effort to assess the economic implications to producers and consumers of alternative ways of reducing pesticide residues on fresh fruits and vegetables, including the implications of new practices and technologies on crop yields and production costs; assess the impacts of global climate change and new technologies; explore regulatory and safety issues associated with new technologies, and analyze economic risk; analyze potential domestic and international policies and programs for their impacts on resource use, costs and productivity, environmental quality, and technology adoption; continue to publish the latest information, in situation and outlook reports, on land use and values, water availability and use, soil conservation activities and program participation, and supply, demand, and prices of manufactured inputs, including fertilizers, pesticides, energy, and farm machinery; continue analyses of the resource and technology implications of low-input and sustainable agriculture; analyze land tenure; publish resource use and farm asset data from the 1987 Census of Agriculture and the 1988 Agricultural Economics and Landownership Surveys; conduct new research on competing demands for water and assess alternative allocation methods for meeting

those demands; and conduct preliminary comparisons of international productivity.

RTD has five branches—Agricultural Inputs and Production Systems, Land and Capital Assets, Resource Indicators, Resource Policy, and Water.

The Agricultural Inputs and Production Systems Branch conducts an integrated research, staff analysis, and outlook and situation program that focuses on food safety, manufactured inputs, and production systems. Responsibilities include publishing information on manufactured inputs, including energy, fertilizer, pesticides, and seeds in situation and outlook reports; improving and updating measures of pesticide use; developing an integrated research program on input substitution, pesticide regulation, and alternative pest and resource management practices; and developing programs focusing on issues such as the Food Safety Initiative, the Water Quality Initiative, pesticide regulation, pest management, implementation of the Endangered Species Act, environmentally motivated restrictions on input use, low-input agriculture, and other policy-oriented issues that affect agricultural productivity, input use, and technology availability and adoption.

In 1991, the branch plans to maintain energy, farm machinery, fertilizer, pesticide, and seed data bases, which are necessary to characterize and analyze current input use in agriculture; forecast input production, consumption, prices, and trade; assess future input industry structure; establish a data base that will have multiple uses in regard to assessing water quality, measuring productivity and technical change, and identifying the extent of chemical use in agriculture; assess the economic implications to producers and consumers of alternative ways to reduce pesticide residues on fresh fruits and vegetables; address projects dealing with crops likely to pose residue problems such as fresh market tomatoes,

lettuce, celery, broccoli, cauliflower, and spinach; and begin a pilot study with the National Agricultural Statistics Service of pesticide use in the five major vegetable-producing States, which will represent more than 80 percent of total U.S. production of fresh market vegetables.

The Land and Capital Assets Branch conducts research, staff analysis, and situation and outlook programs focused on agricultural land and capital. The branch monitors the Nation's land base and analyzes the interrelationships between land resource characteristics, economic returns to food and fiber production, and the competition for agricultural land; studies agricultural land prices, cropland rent and land use consequences of farm programs, trade liberalization, resource conservation, and water quality programs; and places emphasis on the distributive consequences of public actions as they affect land allocation, factor earnings, and the functional distribution of income between farm operators and landowners.

In 1991, the branch plans to analyze the interaction of resource availability, agricultural and environmental policies, and macroeconomic variables on the use and value of agricultural resources, particularly farmland and capital; publish an updated inventory of major land use and a historical review of trends in major uses since 1945 and analyze economic and demographic factors influencing agricultural land use in urbanizing areas, including the effects of land use conversions on soil quality and agricultural productivity; publish analyses of land tenure, resource use, and farm asset data from the 1987 Census of Agriculture and the 1988 Agricultural Economics and Landownership Surveys; provide an annual report to Congress on foreign investment in U.S. agricultural land; and contribute to situation and outlook reports on land values, cropland use, and machinery.

The Resource Indicators Branch conducts research, staff analysis, and situation and outlook programs that address data development and dissemination, the effects of technology on input use, factors affecting both individual and aggregate input productivity, and public policies and programs that affect technology and productivity. Branch objectives include developing an integrated data base to support research on agricultural resource issues; evaluating the productivity of agricultural inputs, given alternative agricultural management systems, and assessing the impacts of newly available technologies on resource use and productivity; evaluating productivity growth in agriculture and factors that change productivity and input use; examining the factors affecting diffusion of new technologies and assessing the impacts of that diffusion on agriculture; and developing a set of economic indicators that reflect the status of agricultural resources.

In 1991, the branch plans to develop improved agricultural resource data bases, particularly on pesticides, fertilizers, and related production practices to support the President's Water Quality Initiative; continue situation and outlook reports and analyses for agricultural resources; investigate agricultural productivity and factor substitution; analyze research and development impacts on agricultural input demands and technical change; and examine the effectiveness of public and private research and development.

The Resource Policy Branch evaluates economic implications of and relationships among agricultural, conservation, environmental, and technology policies. Branch economists prepare research reports, staff analyses, and situation and outlook reports on domestic policy developments, as well as international activities, that affect U.S. agriculture and ultimately affect resource and technology values and allocations.

In 1991, the branch plans to undertake joint management of agricultural commodity and conservation programs, which have a broad range of economic and environmental effects and implied tradeoffs caused by program design and implementation; evaluation of various environmental quality policies related to agricultural sources of pollution, such as the development and implementation of water quality policies under the President's Water Quality Initiative and other water quality policy initiatives; investigation of the critical roles of technological development in both causing and solving agricultural resource management problems, such as viewing technological change in an endogenous framework to help understand the powerful forces of technology on resource and environmental conditions and examining the influences by commodity programs and environmental policies on technical change paths; and investigation of the rapidly growing array of global resource management questions, including climate change and deforestation, international trade, technology transfer, and environmental resource management policies affecting agriculture.

The Water Branch monitors and analyzes the demand for and supply of water, including the economic consequences of private and public actions to shift demand and supply, impacts of agricultural practices on water conservation and quality, impacts of environmental quality regulations on agriculture, and adoption of conservation practices and their implications for water uses. These activities cover shortrun and longrun conditions, trends, and responses to policies at national and regional levels.

In 1991, the branch plans to continue to develop and maintain national irrigation and water use data; estimate regional water demand functions and assess the nature, extent, and consequences of competition for water supplies; inquire into the economic effects of agricultural practices on water

quality as they affect both the farm and the nonfarm economy; assess the physical and economic dimensions of surface and ground water contamination from animal wastes, fertilizers, and pesticides; and inquire into the impacts of conservation and water quality practices on farm costs and returns, program costs, chemicals and nutrient use, and pollution abatement.



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Agriculture and Rural Economy Division



The Agriculture and Rural Economy Division (ARED) conducts research on national and regional trends in agriculture and in rural areas.

ARED collects and analyzes information on economic conditions, identifies economic problems, and supplies information for rural and agricultural programs and policies.

ARED's agenda is shaped by the changing economic and demographic structures of agriculture and rural America. Its program covers the industrial transformation of the rural economy; interactions of agriculture and the rural economy with the Nation's economy as a whole; differences in economic performance of urban and rural areas; performance of the farm sector and its components; effects of international economic and financial integration; migration and population change; rural and agricultural labor markets and labor conditions; and the implications of the evolving structures of farming, credit, and finance.

In 1991, ARED will complete its delineation of U.S. type-of-farming regions, providing an improved framework to analyze the relationship between the structure and

performance of the farm sector and the overall performance of the rural economies; assess the contribution of the agriculture sector to differential performance in these regional economies in the 1980's; begin an analysis of the characteristics of high-cost and low-cost producers of major commodities, using Farm Costs and Returns Survey information on enterprise-level costs of production; focus on low-income farm operator households, especially those likely to be low income on a permanent basis; continue efforts to improve the public's understanding of the process of local economic development, including the effects of economic history, location, and scale on the industrial structure and job characteristics of rural communities, paying particular attention to job displacement and job-motivated migration in rural labor markets; publish a monograph on the rural impacts of the Family Assistance Act; improve computable general equilibrium modeling and update the 1982 national input/output (I/O) table that will help ARED to continue its efforts to relate major changes in national policy, such as trade reform, to regional impacts; collect the information required by the U.S.-Canada Free Trade Agreement on State agricultural programs; and support the National Commission on Agriculture and Rural Development Policy.

ARED has five branches—Farm and Rural Economy, Farm Sector Financial Analysis, Finance and Development Policy, Human Resources and Industry, and National Economy and History.

The Farm and Rural Economy Branch collects, analyzes, and disseminates information on the changing structure of the farm sector and farm labor markets and on the economic ties between farming and other sectors of local communities and regions. Farm structure research includes consolidating and assessing information on farm numbers, size distributions, ownership and control of

resources and factors of production, organization of farm production, and projections of the future structure of agriculture under alternative economic conditions and policy scenarios. Farm labor market research looks at factors affecting the demand for and supply of agricultural labor and the characteristics of the agricultural workforce. Research on community ties emphasizes the connection between the farm sector and farm-related businesses in farm-based communities and regions of the United States. Special attention is given to assessing the vulnerability of rural economies to major adjustments in the structure of agriculture and agricultural policies.

In 1991, the branch plans to analyze and project regional and national farm structure changes; prepare the annual report on the status of the family farm; complete a county and regional delineation of types-of-farming areas of the United States and analyze differences in the economic performance of the farm sector, farm-related industries, and the overall economy for each type-of-farming area; determine the effects of the proposed Federal tree planting program on selected regional economies; estimate the need for agricultural labor in 1991 (in cooperation with the National Agricultural Statistics Service as required by the Immigration Reform and Control Act of 1986); and assess the impact of immigration reform on the economic competitiveness of labor-intensive crops.

The Farm Sector Financial Analysis Branch conducts research and analysis that measure farm sector financial performance. Elements include development of USDA's farm economic statistics on income, assets, liabilities, and commodity costs of production; measurement of financial performance of farm businesses by commodity type and other structural characteristics; assessment of commodity costs and returns; measurement of production efficiencies; and measurements of

farm operator household financial well-being. The branch provides information on the current finance situation and outlook, assessing how government policies and economic factors affect the level and distribution of income and wealth among farm enterprises, businesses, and households and among geographic areas. The branch collects data on changes in farm organization and structure so that economic statistics and financial performance measures can be adjusted to reflect reality.

In 1991, the branch plans to analyze the value added in agriculture for different types of local areas and production specialties; reconcile differences in income as measured in the sector accounts and the Farm Costs and Returns Survey; analyze the characteristics of low-income farm operator households; measure the contribution of farm dwellings to operator income and asset values; measure the distribution of costs and returns under contract farming; measure variations in the costs of producing major crops by characteristic of farm business; determine the characteristics of representative U.S. crop farms; and estimate the costs and returns of wheat production, including the direct effects of government programs.

The Finance and Development Policy Branch is responsible for analyzing the consequences of financial markets, Federal tax law, and rural economic policy developments on the agricultural sector and rural economies. The branch evaluates current and alternative Federal agricultural credit assistance programs, innovations in agricultural lending practices, and the structure and performance of financial institutions serving the agricultural sector; analyzes rural government finances and assesses the effectiveness of Federal, State, and local rural development programs and strategies; monitors and examines the structure and performance of financial markets serving rural businesses, households, and governments; and assesses the importance of changes in

Federal tax policy for income distribution, capital formation, and resource allocation within the farm and rural economies.

In 1991, the branch plans to continue work on several congressionally mandated studies and will expand its research on Federal credit, tax, and development policy issues; complete a survey of State farm credit programs, providing up-to-date information called for by the U.S.-Canada Free Trade Agreement; undertake a major analysis of changes in the financial position of the Farm Credit System in the wake of the Agricultural Credit Act of 1987 and update its evaluation of the "Farmer Mac" secondary market; provide technical support to the National Commission on Agriculture and Rural Development Policy; continue evaluating a wide range of rural development strategies through a series of projects involving ERS, other Federal, State, and local governments, and university researchers; expand its ability to evaluate the effects of Federal tax legislation and legislative proposals on the agricultural sector; and focus on measuring how well financial institutions are serving the needs of rural businesses and how important Federal credit programs are for rural small business development.

The Human Resources and Industry Branch analyzes and reports on rural development conditions and trends. Research focuses on how the economic history, location, and scale of rural settlements affect their industrial structures, job opportunities, population characteristics, and economic well-being. A central purpose is to understand the consequences of national economic trends and policies for rural areas and people in order to provide intelligence on rural development strategies.

In 1991, the branch plans to continue its research on conditions affecting rural area development, such as the importance of workforce education, local colleges and

technical schools, airports, information infrastructure, producer services networks, and other factors that may contribute to economic growth in both very rural and less rural areas; study rural labor problems and adjustments, including low earnings, underemployment, job displacement, job-motivated migration, and the need for skill enhancement; publish a report on the rural working poor; complete assessments of education as a rural development strategy and the importance of the 1988 Family Support Act for rural areas; initiate studies on the changing socioeconomic situation of rural minorities, the family as an economic unit, and sources of income inequality across rural areas; report regularly on farm population, unemployment, employment growth, and earnings; and examine rural-urban differences in housing costs, the 1990 Population Census results for rural areas, and the availability of health insurance and various health services for rural residents.

The National Economy and History Branch analyzes current agricultural and rural issues from the view of the U.S. and world economies and provides a historical perspective on the U.S. agricultural sector and government programs. Major areas of analysis include the impacts of monetary and fiscal policies on agriculture and rural economies and the general economic outlook. The branch studies the linkages among sectors of the rural economy and between rural sectors and the general economy; evaluates the performance of the food and fiber system relative to other sectors; maintains the agricultural portion of the national input-output accounts; and maintains data and provides analyses of the history of USDA and the history of economic change and its impacts on farm structure and rural life.

In 1991, the branch plans to continue to provide macroeconomic situation and outlook reporting, research, staff analyses and historical support; focus on studies on the history of U.S.-EC agricultural trade relations and a general

history of rural development policies from the New Deal to the present, beginning with a history of rural development and the Forest Service; update the base of input-output models and begin several related studies, including studies of the robustness of the 1982 I/O table; examine changes in technology (for example, plastic bottles in place of glass) together with work to identify evidence of structural change in the food and fiber system; explore alternative formulations of the computable general equilibrium (CGE) models developed over the last 2 years and use the models to analyze the impacts of major farm and trade policy changes on the farm and rural economies; expand time-series analyses of price transmission through the economy to cover a growing range of commodities; continue designing models specifically to meet departmental needs for macroeconomic situation and outlook work; focus research on the short-term effects of monetary and fiscal policy on agricultural markets and the role of macroeconomic variables in land and agricultural loan pricing; and extend results of preliminary explorations in 1990 of the relationship between macroeconomic variables and the rural economy to provide better support for policy and situation and outlook activities.

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